



**North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

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Governor


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Courtney M. Cantrell, PhD
Division Director

April 16, 2015

MEMORANDUM

TO: LME-MCO Directors
LME-MCO Points of Contact

FROM: Courtney M. Cantrell 

RE: 2014/2015 Monitoring of State and Federally Funded Services

This memo is a follow-up to the memo dated April 7, 2015 which announced the Division's plans for conducting on-site monitoring over the next few weeks. This memo includes modifications in the scope of the monitoring based on our discussions with you to ensure that this monitoring is completed by the end of the fiscal year.

Between May 1, 2015 and June 30, 2015, the NC Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS) will conduct LME-MCO compliance monitoring on a variety of elements related to federally funded Substance Abuse and Mental Health Programs, state funded services, and Fiscal Monitoring and Claims Processing. Clinical record reviews will not be conducted as part of the block grant review. Outpatient treatment has been eliminated from the review of state funded services. Monitoring of how the IDD Wait List is managed has been deferred until later. The tools that will be used for the block grant reviews and the state funded services review have been posted on the Audit Information page on the web:
<http://www.ncdhhs.gov/mhddsas/providers/Audits/index.htm>.

A description of the focus of each review and contact names for each area to be reviewed are below.

Block Grant Review

The Block Grant Review is conducted to ensure compliance with the requirements of 45 CFR Part 96, Subpart L, the Substance Abuse Prevention and Treatment Block Grant, and of 42 USC Part B, Subpart I, Block Grants for Community Mental Health Services. Block Grant monitoring consists of a review of the programs listed below. It also includes record reviews for specific service requirements. It is the LME-MCO responsibility to ensure that all FY2014/2015 providers of the program and individual record reviews indicated below have sufficient

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documentation present at the review site to adequately respond to the questions on the review tools. The LME-MCO must also ensure that staff familiar with the records are present at the review site.

Program Reviews

- CASAWORKS
- SAPTBG PREVENTION
- SAPTBG TREATMENT PROGRAM (for women who are pregnant and/or have dependent children)
- SAPTBG TREATMENT PROGRAM (for IV Drug Users)
- WORK FIRST
- CMHSBG

Individual Record Reviews

- CASAWORKS Individual
- SAPTBG Individual
- SAPTBG Individual IV Drug User
- JJSAMHP (Formerly MAJORS)
- WORK FIRST Individual
- WOMEN'S SET ASIDE
- CMHSBG Individual

DMH/DD/SAS will generate a random sample from NCTRAKS and inform each LME-MCO approximately 10 days prior to the review which records will be reviewed from each provider agency.

The review tools and guidelines for this monitoring event will be posted on or around April 15, 2015 on the DMH/DD/SAS website found at this link: [2015 Monitoring Information](#). LME-MCOs will receive email notification once the tools and guidelines are posted. Expectations are that a single review will be conducted for each LME-MCO at a site designated by the LME-MCO.

Team leaders have been assigned to each LME-MCO and will be in contact with the appropriate LME-MCO representative to schedule their review. The reviews will be concluded by June 30, 2015. Team leader assignments are as follows:

Jeff Howett

East Carolina Behavioral Health
Alliance Behavioral Healthcare
CoastalCare
Smoky Mountain Center
Partners Behavioral Health Management

Barbara Flood

Cardinal Innovations Healthcare Solutions
Sandhills Center for MH/DD/SAS
Eastpointe
CenterPoint Human Services

We will need access to wall outlets for our laptops. Please consider this when assigning a room for the reviews. If you or your providers have electronic records, there may be a need to generate a paper copy of a document that we can scan into our computer files. We thank you in advance for your assistance with this.

At the completion of the Block Grant reviews, the team will conduct an exit interview to review items found out of compliance. This serves as informal notification of out-of-compliance findings. Please note that revisions to the on-site findings may be made following later review of documentation by a monitoring Team Leader.

If you have any questions regarding the upcoming block grant monitoring please feel free to call or email Jeff Howett at 252-560-1085, Jeff.Howett@dhhs.nc.gov or Barbara Flood at 919-218-3872, Barbara.Flood@dhhs.nc.gov . If you have questions regarding the clinical review, please call or email Starleen Scott-Robbins at 919-715-2774 or Starleen.Scott-Robbins@dhhs.nc.gov .

State Funded Services Review

As part of the significant reduction in the number of State/Federal Benefit Plans in SFY2014, the Division decided to allow LME-MCOs to automate decisions about individuals' eligibility, which would be followed by Division monitoring to ensure that individuals are placed in benefit plans according to State/Federal policy. ([See JCB #142](#)). Inappropriate placement potential results in Federal audit findings, individuals receiving inappropriate levels of care and services being used for individuals other than those who fit State/Federal policy (highest need and fewest resources).

The Division will generate a sample of paid claims for the expenditure of State money for service provision. The authorizations reviewed will represent the services listed below:

- ACTT
- Facility Based Crisis
- Intensive In-Home
- Community Support Team
- Substance Abuse Intensive Outpatient Program
- Mobile Crisis

The LME-MCO will be notified of which records/authorizations to have available for the review. The LME-MCO must ensure that sufficient documentation to adequately respond to the questions on the State Benefit Eligibility tool is present at the review site. For questions regarding the State Funded Services Review please feel free to call or email Starleen Scott-Robbins at 919-715-2774 or Starleen.Scott-Robbins@dhhs.nc.gov .

Fiscal Monitoring and Claims Processing Review of Block Grant-Funded and State-Funded Programs

The Division will be reviewing reported data submitted and placing that information in the context of local operations. The review team will focus primarily on compliance with state and federal funding requirements and on understanding what procedural and financial roadblocks exist related to financial solvency and processing for state funded services. This review is being conducted in accordance with GS § 143C-6-22 and 6-23.

The LME-MCO should be prepared to respond to questions related to utilization of state, federal and special categorical funds, designation and use of fund balance, non-UCR cost assignment, claim denials, monitoring of provider invoice/receipt documentation, and financial reporting. The claims manager, CFO or their designee should be available to participate in the review.

In advance of the scheduled review, the LME-MCO is requested to send policies and procedures related to claims processing, fiscal monitoring, and contract development. Please send the following information to Kent.Woodson@dhhs.nc.gov by April 24, 2015:

Administration

- O-chart of Finance Department and a list of vacant positions

Claims Processing

- Consumer and provider enrollment process
- Confirmation of third party liability including retroactive eligibility for third party insurance
- Identification of eligibility for providers to receive revenue
- Claims denial and recoupment

Fiscal Monitoring

- Compliance with Federal Block Grant regulations and limitations
- Cost assignment methodologies for non-UCR funds
- Examples of reports to track utilization of state and federal (non-Medicaid) funds

Contract Development

- Process flow for verification of contract sign-off and contract completion

For questions regarding the Fiscal Monitoring and Claims Processing Review please feel free to call or email Kent at 919-733-7013 or Kent.Woodson@dhhs.nc.gov .

IDD Wait List Desk Review

As part of allowing LME-MCOs to automate Benefit Plan determination in SFY2014, the Division required LME-MCOs to develop policies and procedures to ensure the wait list is managed in an equitable and transparent manner to maximize services for persons with greatest need and longest wait. (See [JCB # 093](#)). This is a high profile issue due to the size of the waiting list and the length of time some individuals wait for services.

The LME-MCO is asked to submit their IDD Wait List policies and procedures for desk review by state IDD staff, including evidence of how P&Ps are implemented (e.g., the criteria for placement on the waitlist and for getting off the wait list) and any efforts and challenges impacting reduction of the wait list. This review will not be a part of the FY15 monitoring but will take place at a later date. Additional instruction will be provided in the near future.

For questions regarding the IDD Wait List Desk Review, please feel free to call or email Mya at 919-715-1294 or Mya.Williams@dhhs.nc.gov .

cc: DMH/DD/SAS Executive Leadership Team
Mabel McGlothlen, I/DD & Systems Performance Section
Mark O'Donnell, LME Liaison Team
Yvonne French, LME Liaison Team
Janet Breeding, LME Liaison Team
Dennis Farley, LME Liaison Team
Mary Tripp, Policy Team
Mary Hooper, NC Council of Community Programs